PATTERNS OF POWER · A THEORETICAL STATEMENT

The Custodian's Dilemma

What happens to an institution after it is believed — how a trusted mark acquires value, why that value guarantees its capture without anyone conspiring, why the captor must defend the trust he is corrupting, and why seeing through the fraud does not end the cycle but only moves it

COMPANION TO *Position Logic: A Framework for Institutional Studies*

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with Claude (Anthropic) · 2026
held as tested, not revealed

Preface

The companion to this paper, *Position Logic: A Framework for Institutional Studies*, answers the question of how institutions come to exist. Its answer is that they are not designed by conspiracies and do not emerge from impersonal forces, but are built by people standing in particular positions, solving the problem in front of them with the materials at hand — and that the structures they build then acquire a logic of their own and are inherited by people who put them to uses their makers never imagined.

That paper stops where this one begins. It explains how an institution *forms*. It does not explain what happens to an institution **after it is believed** — after the thing has acquired the one asset that makes it powerful, which is not money and not force but *trust*.

This paper is about that second life. Its argument is that a trusted institution follows a lifecycle as regular as anything in the historical record, and that the lifecycle is driven entirely by position logic, requires no conspiracy at any stage, and ends where it began. Stated in one sentence: **trust becomes value; value is noticed by anyone whose position lets them see it; what is valuable and unguarded is eventually seized; the seizer must then preserve the very trust he is degrading, because his prize depends on it; rivals appear because he was never the only one who could see; the resulting contest hollows the institution out; the hollowing eventually becomes visible; trust collapses — and then, because the human need that created the institution has not gone anywhere, trust migrates to something new, and the cycle begins again.**

Two things follow that are worth stating at the outset, because they are the paper's payload and they cut against the intuitions on both sides of the usual argument.

The first is for the person who believes institutions are basically sound and their critics are cranks: **the capture is real, it is not paranoia, and it is structurally guaranteed.** You do not need a conspiracy theory to expect it. You need only arithmetic.

The second is for the person who has already concluded that the institutions are corrupt and that the answer is to stop believing them: **your disbelief is not an exit.** You cannot verify the world yourself. Nobody can. When you withdraw your trust from a captured institution you do not become free of institutions; you hand your trust to something else — and that something else, if it acquires any real authority, will be captured by exactly the same mechanism, on exactly the same timetable, by people you have never heard of and never will. **Cynicism does not exit the cycle. It advances it by one turn.**

This paper stands alone. It assumes no prior reading. Every term is defined; every author is introduced; every quotation is verified and explained. The framework is Thomas Bryan's; the research, verification, scholarly placement, and composition are Claude's, an AI system made by Anthropic.

The Argument in Brief

Part I — Why There Must Be a Mark. Why trusted institutions exist at all: no one can verify more than a sliver of what they must know, so everyone is forced to rely on markers of quality they cannot

personally check. This is not a defect in modern life. It is a permanent structural fact, and it means the demand for trusted marks can never be abolished.

Part II — How a Mark Earns Its Trust. The honest phase. A mark begins as a genuine signal, because at the beginning the people conferring it have no reason to lie and everything to gain from being right.

Part III — The Yield. How trust turns into money. Once a mark reliably indicates quality, the mark itself becomes worth having — and at that moment it acquires a cash value independent of the quality it was invented to indicate.

Part IV — The Discovery. Why capture requires no conspiracy. The yield is *public information*. Anyone whose position lets them watch the numbers will see it. No one has to be told; no one has to plot; everyone in that position sees the same thing at the same time.

Part V — The Reverse-Engineering. How a rational actor moves from *"I want the mark"* to *"who confers the mark, and can I influence them?"* — and how the conferral mechanism, which nobody built to be defended, becomes the attack surface.

Part VI — The Custodian's Dilemma. The paper's central finding. **The captor must preserve the trust he is corrupting**, because the value he is extracting exists only so long as the mark is believed. He therefore becomes the institution's most passionate public defender, and the corruption is concealed not by a cover-up but by the corruptor's own sincere interest in the institution's good name. This is why capture is so quiet, and so hard to prove.

Part VII — The Contest. Why capture is never a stable monopoly. Position logic guarantees rivals: the man who saw the yield was not the only one standing where it was visible. An arms race follows, costs escalate, and the mark begins to measure not merit but *capacity to compete for the mark*.

Part VIII — The Decoupling. Where the framework meets the formal literature: Goodhart's Law and Campbell's Law. A measure that becomes a target ceases to measure. The mark and the merit come apart.

Part IX — The Break, and the Migration. Exposure, collapse of trust, evaporation of the yield — and then the thing everyone gets wrong: the *need* does not die. Trust migrates to a new mark, which begins the cycle again. Worked examples: credit ratings, university rankings, and the live migration currently visible in internet search.

Part X — Why Cynicism Is Not an Exit. Why "stop trusting institutions" is not a solution but a *move within the cycle*, and why the disillusioned are not free of authorities but merely served by newer, less accountable ones.

Part XI — The Dial. What can actually be done, given that abolition is impossible: crowding the seam, keeping conferral costly to fake, separating the payer from the rated, and treating decay as normal rather than scandalous.

PART I

Why There Must Be a Mark

One — The Permanent Fact

Begin with the fact that makes all the rest inevitable, and that no technology and no reform will ever repeal.

You cannot check most of what you need to know. You did not verify that the bridge you drove over this morning was structurally sound; you could not have, and you would not know how. You did not verify that your medicine contains what the label says. You did not read the studies behind your doctor's advice, and if you did, you could not evaluate their statistics. You do not personally know whether the accountant is competent, whether the airline's maintenance was performed, whether the food is safe, whether the electrician wired it correctly, whether the history you were taught is true.

Nor is this a personal failing. **In a society complex enough to require the division of labour, knowing itself divides.** No mind can hold more than a sliver of what the society runs on. The physicist cannot check the epidemiologist; the epidemiologist cannot check the structural engineer; and none of them can check the historian. Everyone, including the most brilliant and the most sceptical person alive, is a layman about almost everything, and must take almost everything on trust.

This forced reliance creates a **seam** — a permanent gap between what a person must know and what they can verify. And into that gap, necessarily, goes a proxy: some **mark** that stands in for the verification you cannot perform.

Two — What a Mark Is

A **mark**, in this paper's usage, is any signal that a person uses in place of a verification they cannot perform.

The medical degree on the wall. The engineer's licence. The AAA rating on a bond. The peer-reviewed journal's name on a paper. The Michelin star. The organic label. The university's ranking. The blue checkmark. The Academy Award.

None of these *is* the quality it points to. Each is a *stand-in* for a quality you cannot assess directly, conferred by some third party you are trusting to have assessed it for you. And the crucial feature of a mark — the feature that makes this entire paper necessary — is that **deference attaches to the mark rather than to the merit.** People do not trust the surgeon because they have evaluated her surgical technique. They trust the credential, and they will trust it on anyone who bears it.

Three — Why the Demand for Marks Can Never Be Destroyed

Now the consequence that governs everything that follows.

Because the seam is made of human finitude — because it exists for the simple reason that a person cannot know everything — **the demand for marks is permanent.** It cannot be educated away, because

no amount of education makes one person capable of verifying everything. It cannot be technologised away, because no information technology makes a human mind larger.

This is not a pessimistic flourish. It is the load-bearing premise of the whole argument, and everything counterintuitive in this paper follows from it. In particular, it means that when a trusted institution is exposed as corrupt and abandoned, **the demand it was serving does not vanish along with it.** People still cannot check the bridge, the bond, the doctor, or the film. They still need a proxy. And so they will get one — from somewhere.

Marks are not a bad habit that a sceptical public could give up. They are a load-bearing structure of any complex society, and the only real question is who is standing in them.

Four — The Formal Version

Economists arrived at the same structure from a different direction, and it is worth naming their version because it supplies rigour.

In 1970 the economist George Akerlof published a paper called *The Market for Lemons*, which asked what happens in a market where the seller knows the quality of the good and the buyer does not. His answer was that the market degrades: buyers, unable to distinguish good from bad, will only pay an average price; sellers of genuinely good goods cannot get what their goods are worth and withdraw; the average quality falls; buyers lower their offers again; and the market can collapse entirely. The condition is called **information asymmetry**, and Akerlof's finding is that it is not a nuisance but potentially fatal to exchange itself.

The remedy, in his framework and in life, is exactly the mark: certification, licensing, warranties, brands, ratings, reputations — institutions whose entire function is to close the information gap so that quality can be recognized and rewarded.

The sociologist Lucien Karpik gave the phenomenon its most useful name for our purposes. In *Valuing the Unique* (2010) he studied markets in "singularities" — goods like wines, films, books, doctors, and lawyers, whose quality is genuinely hard to measure and cannot be reduced to a specification. In such markets, he argued, buyers rely on what he calls **judgment devices**: guides, critics, rankings, awards, certifications, and reputations that substitute for a judgment the buyer cannot make alone.

Karpik's term is precise and this paper adopts its sense. A mark is a judgment device. **And a judgment device, by construction, is a thing that many people rely on and cannot audit.** Which is to say: it is a valuable, unmonitorable position — and the rest of this paper is what happens to valuable, unmonitorable positions.

PART II

How a Mark Earns Its Trust

One — The Honest Phase Is Real

A mark that no one believes is worthless, and so every mark that ever mattered had to *earn* its belief. The paper insists on this, because the cynical reading — that these things were rackets from the beginning — is not only wrong but destroys the explanation. **If the mark had never been honest, it would never have become valuable, and there would have been nothing to capture.**

The honest phase is not an accident. It is what the incentives produce at the beginning, for a simple reason: **at the start, the conferrer of a mark has no reason to lie and every reason to be right.** His mark has no value yet. His only asset is his judgment. If he confers his mark on rubbish, he is discredited and his mark becomes worthless before it becomes worth anything. In the founding period, the interests of the conferrer and the interests of the public are *aligned* — and the mark accrues trust precisely because, in that period, it deserves it.

Two — The Academy Awards, Honestly Born

Take the case this paper will follow throughout, because it is unusually well documented and because almost everyone already has intuitions about it.

The Academy of Motion Picture Arts and Sciences was founded in Hollywood in 1927, and its awards were first given in 1929. In its origin the award was an *internal* affair — an industry honouring its own, a professional body recognizing craft among its members. It was not, at the outset, a marketing instrument, because there was as yet no evidence that it functioned as one. It was closer to what a guild does when it names a master: a judgment by practitioners, of practitioners, for the esteem of practitioners.

And the judgment was, in the ordinary run, honest — not because the people involved were saints, but because *there was nothing yet to be gained by corrupting it*. The award had no cash value. It had only prestige, and prestige is precisely what a corrupted award cannot deliver.

So the mark accumulated trust the way a mark does: by being right often enough, for long enough, that the public came to treat it as a reliable signal. *The Academy Award means the film is good.* That belief was, in the founding decades, substantially warranted — and the warrant is what made everything that followed possible.

Three — The Honest Signal, Formally

Here too the formal literature is useful. In 1973 the economist Michael Spence published his theory of **market signalling**, for which he later shared a Nobel Prize. His central insight was that a signal is credible only if it is **costly to fake** — specifically, if it is *cheaper for the genuinely qualified to produce than for the unqualified*. A university degree functions as a signal of ability not primarily because of what is learned but because a less able person would find it harder and more expensive to obtain. The biologist

Amotz Zahavi reached a parallel conclusion about animal signals in his **handicap principle**: a signal is honest when it is costly, and the cost is what guarantees the honesty.

This gives the precise condition for a mark's integrity, and therefore the precise definition of what capture destroys:

> **A mark is honest exactly so long as it is cheaper to obtain by deserving it than by manipulating the process that confers it.**

That sentence is the hinge of this entire paper. Everything that follows — the capture, the arms race, the hollowing, the collapse — is what happens when that inequality flips.

PART III

The Yield

One — Trust Becomes Money

Once a mark is believed, something changes that changes everything.

A belief in the mark's reliability means that the public will *act* on the mark. They will buy the film, hire the graduate, purchase the bond, eat at the restaurant, admit the student, publish the paper. And the moment the public acts on the mark, **the mark acquires a cash value that is separate from the quality it was invented to certify.**

Call this the **yield**: the measurable benefit that accrues to whoever holds the mark, *by virtue of holding it*.

The distinction is the whole thing, and it must be held precisely. Before trust, the only way to get the benefit was to *be good*, and the mark was merely the report of that goodness. After trust, **the mark itself pays.** And a thing that pays is a thing worth acquiring — by whatever route.

Two — The Yield, Measured

In the Oscar case the yield is enormous, public, and long documented. An Academy Award nomination has historically transformed a film's commercial life. *Shakespeare in Love* saw its revenue jump by roughly 177 percent. *Schindler's List* saw its box office surge by more than half. *American Sniper* made the great majority of its domestic revenue *after* its nomination.

And the yield does not stop at the box office. As one account of the phenomenon puts it, prestige *compounds*: the phrase "Academy Award winner" attaches to a person permanently, raising their fees, their leverage, their access to finance and to talent, for the rest of their career. The statue is not a trophy. It is an **annuity**.

Now hold the two facts together, because their conjunction is the engine of everything that follows:

1. The award confers tens or hundreds of millions of dollars in value.
2. The award is decided by the votes of a body of several thousand people.

A prize of that magnitude, awarded by a mechanism of that kind, in a town full of people whose entire professional skill is persuasion — is not going to be left alone. That is not a cynical prediction. It is arithmetic.

PART IV

The Discovery

One — Nobody Has to Be Told

Here is where position logic does its most important work, and where this paper parts company decisively with the conspiratorial reading of the same events.

The yield is public information. Box-office numbers are published. Everyone in the film industry watches them, because watching them is *what it is to be in the film industry*. The correlation between the award and the revenue is not a secret whispered among initiates. It is visible in the trade press, in the studio's own accounts, in the career trajectory of every person one knows.

So consider a producer — not a villain, not a plotter, simply a competent professional whose job is to make films profitable. He is doing what his position requires: watching what makes money. And he notices, because it is impossible not to notice, that **a certain small gold statue is worth more than almost anything else he could buy with the same money.**

He did not need a conspiracy to tell him this. He did not need to be initiated into a cabal. **He needed only to be standing where he was standing, doing his job, with his eyes open.** The information arrived through his own ledger, exactly as position logic predicts.

Two — Why This Matters So Much

The conspiratorial account of a captured institution always asks: *who plotted this?* And the answer, almost always, is: **nobody had to.**

The discovery of the yield is *overdetermined*. It will be made independently, at roughly the same time, by everyone whose position gives them a view of the numbers — which, in any industry, is a large number of people. And each of them will draw the same conclusion, for their own reasons, without any of them communicating:

> *There is a great deal of money in that symbol. I should like to have it.*

This is **convergence**, not conspiracy. It is many people in similar positions independently reaching the same obvious conclusion from the same public facts. And it means that a valuable mark does not face *one* would-be captor. It faces *everyone in the industry at once* — which, as Part VII will show, determines the entire subsequent shape of the story.

PART V

The Reverse-Engineering

One — The Question That Changes Everything

Our producer now wants the mark. And a rational man who wants a thing asks how the thing is obtained.

Note carefully what has just happened, because it is the pivot of the whole lifecycle. He has stopped asking:

> *How do I make a great film?*

and started asking:

> *How do I get the award?*

These were, in the honest phase, **the same question**. That was precisely what made the mark valuable. The entire *point* of the mark was that the only reliable way to get it was to deserve it.

But they are not necessarily the same question, and a sufficiently motivated man will discover the difference. Because the award is not conferred by God, or by the film, or by some impartial mechanism of nature. **It is conferred by people. Specific people. Who can be identified, contacted, and persuaded.**

And so the second question follows immediately from the first:

> *Who votes — and can I reach them?*

The conferral mechanism has just become a target. It was never designed to withstand attack, because in the honest phase there was no attacker: no one had a reason to game a prize that wasn't worth anything. The mechanism is, in engineering terms, an *unhardened surface* — and it is now facing a determined, well-financed, professionally competent adversary.

Two — What It Looks Like When Someone Actually Does It

The film industry's answer to that question has a name, and the case is instructive precisely because it is so thoroughly documented and so completely unmysterious.

Harvey Weinstein did not invent Oscar campaigning; he industrialised it. What he grasped — earlier and more ruthlessly than his competitors — was that the Academy Award was decided by an **electorate**, and that an electorate can be *worked* the way a political campaign works one.

So Miramax worked it. For *Shakespeare in Love* in 1998–99, the campaign reportedly ran to something on the order of $15 million — an enormous sum, spent not on making the film but on *winning the vote*. The tactics were the tactics of electoral politics: hundreds of "For Your Consideration" advertisements aimed at voters; a dedicated in-house awards publicist; hand-written invitations to Academy members; private screenings chased after voters to Aspen and Palm Springs; screeners flooded

into mailboxes; lavish parties skirting the rules on gifting; and — most tellingly — screenings staged at *retirement communities known to contain high concentrations of Academy members*.

Read that last one twice. It is not a metaphor for capture; it is capture, performed with a spreadsheet. Somebody sat down and worked out **where the voters physically live**, and went there.

And there was a whisper campaign: a quiet, deniable reframing of the front-runner, *Saving Private Ryan* — not as *bad*, which would have been implausible and counterproductive, but as merely *uneven*, its ending less strong than its opening. Just enough doubt to make defection speakable.

Shakespeare in Love won Best Picture over *Saving Private Ryan*.

Three — The Point of the Example

It is essential to be precise about what this case does and does not demonstrate, because the vulgar reading gets it wrong in an instructive way.

It does **not** demonstrate that *Shakespeare in Love* was a bad film. It was a good film. That is not the point and never was.

What it demonstrates is that **the mark had come loose from the merit.** After 1999, everyone in the industry understood something they had not fully understood before: that the outcome of the Academy Awards was *materially responsive to campaign expenditure and technique*. As one industry figure put it, the whole industry then had to follow — because if aggressive campaigning wins, then *not* campaigning aggressively is unilateral disarmament.

And note, finally, the position-logic reading of Weinstein himself. He was not an outsider who penetrated the Academy. He was a member of the industry, standing exactly where the yield was visible, doing — with unusual ferocity — precisely what his position invited him to do. **Remove him from history and the capture still happens, on roughly the same schedule, by someone else.** He was not the cause. He was the first-mover in a race that the structure had already guaranteed.

PART VI

The Custodian's Dilemma

Now the paper reaches its central finding, and the one that most changes how a captured institution should be read.

One — The Parasite Must Not Kill the Host

The captor has a problem, and it is a beautiful one.

The value he has seized depends entirely on a trust he is in the act of destroying.

The Oscar is worth $100 million because the public believes it means the film is good. The moment the public believes instead that *the Oscar means the studio spent the most money*, the award becomes worthless — and the captor's prize turns to ash in his hand. He has captured a machine that produces gold only so long as everyone believes it is not being operated.

Therefore the captor's interests, which one would expect to be *hostile* to the institution, turn out to be **fiercely protective of it** — not of its integrity, but of its *reputation for integrity*. Which are, from the outside, indistinguishable.

Call this **the custodian's dilemma**: *the captor of a trusted institution must become that institution's most passionate defender, because his prize is made of the very trust he is degrading.*

Two — What This Predicts, and Why It Is So Hard to See

The consequences of this constraint are strange, and they explain a great deal about how captured institutions actually behave.

(a) The captor defends the institution's honour sincerely and publicly. He will speak of the award's prestige, its history, its meaning. He will resent cynics who say it is bought. And he will not be *entirely* lying — because he needs it to be true, and because he did, after all, make a good film. The defence is not a cover story bolted on afterward. It is a genuine interest.

(b) The captor supports reforms — of a certain kind. He will endorse rules against *vulgar* corruption: no cash for votes, no gifts above a threshold, disclosure of screeners. These rules are not a threat to him. They are *protection for his investment*, because crude corruption is what would make the capture visible, and visible capture destroys the yield. The captor is therefore a reliable ally of the anti-corruption faction — against the *crude* corruption that would expose the whole game — while remaining the principal beneficiary of the sophisticated capture that the rules do not reach.

(c) The corruption therefore takes the form of things that are not, technically, corrupt. Advertising is not bribery. A screening is not a gift. A party is not a payment. Hiring a publicist is not fraud. Every individual act in the Weinstein playbook was, on its face, legal, ordinary, and defensible — and the *aggregate* was the systematic conversion of an honest signal into a purchased one.

(d) And so the capture is quiet. There is no smoking gun, because there is no gun. There is no conspiracy to expose, because the participants are not conspiring — they are *competing*, in the open, us-

ing tools everyone can see, and each of them is publicly and sincerely committed to the integrity of the institution they are collectively hollowing out.

Three — Why This Frustrates Everyone

This finding explains a pattern that otherwise looks like mass delusion or mass complicity: the fact that **everyone inside a captured institution can be simultaneously sincere and complicit.**

The investigative journalist looks for the plot and cannot find it, because there isn't one. The defender of the institution points out, correctly, that no rule was broken and no bribe was paid, and concludes the critics are paranoid. The critic points out, correctly, that the outcomes have visibly decoupled from merit, and concludes there must be a plot. **They are both right about the evidence and both wrong about the mechanism.**

There is no plot. There is a **structure**, in which many well-positioned people, each pursuing an obvious advantage, each publicly and genuinely committed to the institution's good name, collectively convert a trusted signal into a purchased one — while the institution's reputation is *defended most vigorously by the very people who are consuming it.*

PART VII

The Contest

One — Rivals Are Guaranteed

The captor would like a monopoly. He will not get one, and position logic explains exactly why.

He was never the only person standing where the yield was visible. The information that made him move — the box-office bump, the compounding prestige — was public, and everyone in his position saw it. He was merely *first*, or *most ruthless*, or *best financed*. He was not *uniquely informed*.

So his rivals watch him win, and they draw precisely the conclusion he drew, only faster, because now they have a worked example. And they enter.

This is convergence again, one turn later: the same mechanism that produced the first captor produces the second, the third, and eventually *the entire field*. Within a few years of the *Shakespeare in Love* campaign, aggressive Oscar campaigning was not a scandal but a **requirement** — the ordinary cost of doing business, an entire professional specialty with its own consultants, budgets, and season.

Two — The Arms Race

Once every competitor is doing it, the game changes character completely, and it changes in a way that is worth stating precisely because it is where the institution's real destruction happens.

When *one* actor games a mark, he gains an advantage. When *everyone* games it, **nobody gains an advantage — and everyone pays the cost.** The campaign spending rises, the tactics escalate, and the relative positions end up roughly where they started. It is a classic arms race: enormous expenditure that changes nothing about who wins relative to the others, and destroys something valuable in the process.

But it does not destroy nothing. It destroys **the mark's meaning**. Because after the arms race has run, the award no longer goes to the best film. It goes to the best film *among those whose backers could afford a competitive campaign* — which is a completely different set, selected by a completely different criterion.

The mark has quietly changed what it measures. It used to measure *merit*. It now measures *merit filtered through capacity to compete for the mark*. And as the campaigns grow more expensive and more sophisticated, the second term grows and the first term shrinks.

Three — Why the Institution Cannot Simply Fix It

The institution is not helpless, and the Academy has in fact fought back repeatedly — restricting campaign practices, banning certain kinds of contact with voters, tightening the rules on screeners and events, and issuing increasingly elaborate campaign regulations.

And this is worth watching closely, because it is the general shape of the defence and its general limitation.

Every rule the institution writes **defines a boundary**, and a boundary is a specification. The campaigners — who are professionals, well paid, and highly motivated — read the specification and move to

the edge of it. The rule against gifts produces the party that is not technically a gift. The rule against direct solicitation produces the "conversation series." The rule about screeners produces the screening room in the retirement community. **Each rule converts a crude form of influence into a sophisticated one, and the sophisticated forms are more expensive** — which *raises* the barrier to entry and thereby *concentrates* the advantage among the best-financed, which is the opposite of what the rule intended.

The institution is playing defence against opponents who are faster, better funded, and more motivated than it is — and who, per the custodian's dilemma, are *sincerely in favour of the rules*, because the rules preserve the appearance on which their prize depends.

PART VIII

The Decoupling

One — Two Laws That Name the Mechanism

What the arms race does to a mark has been described, independently, by two scholars in two fields, and their formulations are so exact that they deserve to be quoted and then unpacked.

Goodhart's Law. The British economist Charles Goodhart, writing in 1975 about the failures of British monetary policy, observed:

> "Any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes."

Unpack that. Goodhart had watched policymakers notice a stable historical relationship between the money supply and inflation, and then attempt to *steer* the economy by targeting the money supply. The relationship promptly broke down — because the relationship had been the product of how banks and households behaved *when nobody was targeting it*, and once it became a target, everyone's behaviour changed. The measure had been reliable precisely because *nobody was trying to move it*.

The idea is more famously known in the compressed form later given to it: **"When a measure becomes a target, it ceases to be a good measure."**

Campbell's Law. The American social scientist Donald T. Campbell, writing about educational testing, stated the same principle in social terms:

> "The more any quantitative social indicator is used for social decision-making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social processes it is intended to monitor."

Note what Campbell adds. It is not merely that the *measure* degrades. It is that the *underlying activity* degrades — that measuring a school by its test scores does not just make the scores unreliable; it makes the *teaching worse*, as the school reorganizes itself around producing scores rather than educating children. The corruption runs backwards from the metric into the thing the metric was invented to observe.

Two — The Application

These two laws are, for our purposes, a formal statement of what capture does to a mark.

A mark is a measure of merit. Its reliability depends on the fact that people are pursuing *merit*, and the mark is merely observing them. The moment people begin pursuing *the mark* — which is exactly what the discovery of the yield guarantees they will do — the mark ceases to observe merit and begins to observe **the pursuit of itself.**

And Campbell's addition is the darker half, and the one that matters most. It is not simply that the Oscar becomes an unreliable indicator of good films. It is that **the film industry reorganizes itself around winning Oscars** — that films get made because they are "Oscar films," that release dates are

chosen for awards eligibility rather than audiences, that whole genres of picture are constructed to hit the voters' known preferences, and that the industry's creative energy is diverted from making good films into making films *that look like what the voters reward*. The corruption of the measure corrupts the thing measured.

Three — The Same Mechanism, Elsewhere

Once the shape is visible, it is visible everywhere, and the examples are not a rhetorical flourish — they are the evidence that this is a *structural* law and not a story about Hollywood.

University rankings. *U.S. News & World Report* began ranking American colleges as a service to prospective students — an honest attempt to close an information gap in a market where quality is genuinely hard to assess. The rankings became trusted; the trust created an enormous yield (applications, tuition, donations, prestige); and universities, being institutions full of intelligent people who watch their own numbers, discovered exactly what the rankings measured and began managing those inputs. The result has been documented in detail by the sociologists Wendy Espeland and Michael Sauder, who studied the effect of rankings on law schools and gave the phenomenon a name — reactivity** — meaning the way that being measured changes the behaviour of the thing measured. Schools reorganized their admissions, their spending, their reporting, and their conception of their own purpose around the metric. The endgame has been visible in recent years: institutions caught submitting false data, and elite law and medical schools publicly withdrawing from the rankings altogether.

Credit ratings. This case is the purest available, and it contains a position-logic detail so clean it could have been invented for this paper. The rating agencies — Moody's, Standard & Poor's — began under an **investor-pays** model: the people who wanted to know whether a bond was safe bought the rating. The incentives were aligned: the agency's customer was the person who would lose money if the rating was wrong.

Then, in the 1970s, the photocopier made ratings trivially easy to copy and share, which destroyed the investor-pays revenue model. So the agencies switched to an **issuer-pays** model: the *bond issuer* now paid for the rating of its own bond.

Look carefully at what that did. It made the agency's customer **the party being rated**. And an agency that displeases its customer can be replaced by a competitor — a practice that acquired the frank name **ratings shopping**. Nobody conspired to create this; a technology change (photocopying) destroyed a business model, and the industry reached for the only replacement available. But the structure that resulted had the conflict of interest built into its bones, and by the first quarter of 2007, structured finance ratings constituted over half of Moody's total revenue. The AAA ratings on subprime mortgage securities followed, and then 2008.

And here is the part that matters most for Part IX: the agencies were not abolished. They were investigated, sued, fined, and regulated. And the issuer-pays model persists to this day, because the *need*

for ratings did not go away and no one has built a better mechanism. The captured mark survived its own exposure, because the seam it occupies is permanent.

PART IX

The Break, and the Migration

One — The Break

Eventually, the decoupling becomes visible.

This is not usually a single scandal, though a scandal often triggers the recognition. It is the accumulation of too many results that too obviously fail to track the merit the mark is supposed to certify — the AAA bond that defaults, the top-ranked school that is plainly not the best, the Best Picture that everyone knows was bought.

At that point the public performs the update that the whole structure was built to make unnecessary: **they stop believing the mark.**

And the moment they stop believing it, **the yield evaporates.** The mark's entire value was the public's belief in it. Take the belief away and the gold statue is a paperweight; the AAA is a letter; the ranking is a magazine's opinion. The captors are left holding a mechanism they fought bitterly to control and that now produces nothing — which is why the captor's fight to *preserve* the appearance was rational all along, and why it always ultimately fails, because the arms race he is trapped in is what destroys the appearance he needs.

The evidence of the break, in the Oscar case, is visible in the simplest possible number: the audience left. Viewership of the ceremony fell from over 57 million in the late 1990s — precisely the height of the Weinstein era — to under 20 million today.

Two — The Migration: The Thing Everyone Gets Wrong

Here is where almost every account of institutional corruption stops, and where this paper says the most important thing it has to say.

The story does not end with the collapse of trust. Because the need does not collapse.

The public still cannot evaluate a film before seeing it. They still cannot assess a bond, a school, a surgeon, a restaurant. **The seam is still there** — the permanent gap between what they must know and what they can check — and the seam does not care that the previous bridge across it rotted.

So the trust that was withdrawn from the discredited mark does not evaporate. **It moves.** It attaches to something else: a newer mark, a fresher institution, a source that has not yet been captured and therefore still appears clean.

And then — and this is the whole point — **the new mark begins to accumulate trust; the trust becomes a yield; the yield is noticed by everyone whose position lets them see it; and the cycle begins again.**

Three — The Migration, Happening Now

The clearest live example is in internet search, and it is worth spelling out because it is happening in front of us and it runs the full cycle in about twenty-five years.

The honest phase. Google's founding insight was itself a theory of marks: that a link from one page to another is a *vote of confidence*, and that a page trusted by many trusted pages is probably good. This was brilliant, and it worked, because at the time nobody was constructing links in order to game a ranking that did not yet exist. The measure was reliable *because it was not yet a target*.

The yield. Ranking first in Google search became worth an enormous amount of money.

The discovery and the capture. An entire industry — search engine optimization — arose to reverse-engineer the conferral mechanism. Nobody conspired; the yield was public and anyone with a website could see it. Link farms, content mills, keyword stuffing, and eventually an ocean of machine-generated text were produced *for the algorithm rather than for readers* — which is Campbell's Law exactly: the measure corrupted the thing it measured, and the open web filled with pages written to be ranked rather than to be read.

The arms race. Google fought back, repeatedly and expensively, with successive algorithm updates designed to penalize manipulation. The SEO industry adapted each time. Neither side could win, and each round raised the cost.

The break. And so users performed the update. The search results were visibly no longer a reliable mark of quality.

The migration. And watch what they did next. They did not stop needing to find things. They **appended the word "reddit" to their searches** — deliberately routing around the captured mark to reach a source they believed had not been captured: other humans, talking to each other, with no obvious incentive to lie.

And the cycle restarts. Because that trust is now a yield. And there is now a burgeoning industry in seeding Reddit threads, manufacturing organic-seeming recommendations, and buying aged accounts — for exactly the reason position logic predicts. The new mark is being captured, right now, by people who noticed what it was worth, because that is what happens to anything valuable and unguarded.

The migration is not an escape. It is the next lap.

PART X

Why Cynicism Is Not an Exit

One — The Seductive Error

The natural response to everything above is disillusionment, and disillusionment has a natural programme: **stop trusting institutions.** See through them. Refuse the mark. Think for yourself.

This paper's most important practical claim is that this programme, however emotionally satisfying, **is not an exit from the cycle. It is a move within it.**

Two — Why

The reason is the permanent fact from Part I, and it is not escapable by any amount of intelligence or scepticism.

You cannot verify the world yourself. Neither can I. Neither can anyone. The seam is not a policy choice or a cultural failure; it is a consequence of the fact that a human being is finite and the world is large. And therefore *the decision available to you is not whether to trust a source you cannot check.* That decision is made for you by your own finitude. **The only decision available to you is which source.**

So the person who "stops trusting the mainstream" does not thereby become a self-sufficient knower. He starts trusting something else — a podcaster, a forum, a newsletter, an anonymous account, an algorithm, a friend who "does his own research." He has not escaped dependence on unverifiable authority. **He has changed which unverifiable authority he depends on** — often to one with *less* accountability, *less* institutional cost of being caught lying, and *less* history of being right.

And his new authority is subject to exactly the same lifecycle. As it accumulates trust, it accumulates a yield. And the moment it has a yield, it is a valuable, unguarded position — and everyone whose position lets them see that value will see it, and someone will take it, and he will not be able to tell, because *he cannot check.*

Three — The Precise Statement

To be exact, because this is easy to misread as a defence of incumbent institutions, which it is not:

- **The cynic is right that the institution is captured.** Usually he is. That is what this paper has spent nine parts demonstrating.
- **The cynic is wrong that his disbelief liberates him.** It does not. It relocates his dependence.
- **And the migration he is part of is the mechanism by which the next capture is set up** — because the new sources he flees to are precisely the ones now accumulating the trust that will make them worth capturing.

The disillusioned are not outside the system. **They are its raw material.** Every mass migration of trust is a mass *delivery* of trust to a new and unguarded place — and unguarded valuable places do not stay unguarded.

This is not an argument for credulity. It is an argument against the belief that scepticism alone is a solution, when scepticism alone merely picks a new master.

PART XI

The Dial

If capture cannot be abolished and cynicism is not an exit, what is left? The answer is not a cure. It is a **dial** — a set of conditions that make the difference between a seam that mostly coordinates and a seam that mostly parasitises, and that determine how fast the cycle turns.

The practical question was stated in the companion literature as precisely as it can be stated: **is the seam crowded and contestable, or is it sealed and owned?** Everything below is an elaboration of that.

1. Crowd the seam. A single trusted mark is a single point of capture, and its holder faces no discipline. *Multiple competing marks*, with different conferrers, different constituencies, and different methods, are individually corruptible but collectively much harder to own — because a captor must now capture all of them, and because their disagreements are informative to the public in a way that no single mark's verdict can be. The most dangerous configuration in the world is **one** trusted source. The safest available configuration is **several, in visible competition.** Note that this is precisely what was lost in the credit-rating case: a regulatory designation (the NRSRO) narrowed the field to a handful of agencies whose ratings were baked into law, which is a *sealed* seam by construction.

2. Keep conferral costly to fake. Per the signalling condition in Part II: a mark is honest exactly so long as it is cheaper to obtain by deserving it than by manipulating the process. Every reform should be tested against that single inequality. Most reforms fail this test — they make crude manipulation harder and thereby make *sophisticated* manipulation more valuable, which raises the cost of gaming and therefore concentrates gaming among the richest players.

3. Separate the payer from the rated. The single most reliable structural predictor of capture is that **the party being judged is paying the judge.** Issuer-pays ratings. Studios paying for campaigns aimed at voters. Journals charging authors to publish. When you find this arrangement, you do not need to prove corruption; you need only wait. Wherever it is possible to make the *user* of the mark, rather than the *subject* of the mark, the customer, the cycle slows dramatically.

4. Make the arms race visible. The captor's chief asset is that his capture looks like ordinary business. Mandatory, itemized disclosure of what is spent to obtain a mark — campaign expenditure, lobbying, "engagement," submissions — does not stop the spending. But it prices it into the public's reading of the mark, which is the one thing the custodian's dilemma cannot survive. *The captor can afford to be caught spending. He cannot afford for the spending to be understood as what it is.*

5. Rotate and refresh the conferrers. A stable, identifiable, permanent electorate is a *capturable* electorate — it can be mapped, courted, and cultivated over years. Rotation, randomization, and periodic renewal of who confers a mark raises the cost of capture more than almost any rule about conduct, because it attacks the captor's core investment: his *relationships* with the people who decide.

6. Expect decay, and treat it as normal. The deepest practical error is to treat the corruption of a trusted institution as a scandal requiring villains. It is not a scandal. **It is a lifecycle**, as predictable as rust. Institutions that understand this can build in refresh, audit, and renewal as routine maintenance. Institutions that believe their own honour is self-sustaining will be captured while congratulating themselves on their integrity — and will be defended, right up to the collapse, by the very people consuming them.

Conclusion

An institution earns trust honestly, because at the beginning honesty is the only asset it has.

The trust becomes valuable, because people act on it.

The value is noticed — not by a cabal, but by *everyone whose position lets them see it*, which in any industry is a great many people, all of whom reach the same conclusion independently, from public information, at roughly the same time.

Someone reverse-engineers the mechanism of conferral, because a rational man who wants a thing asks how the thing is obtained, and the mechanism was never built to withstand a determined attack.

And then the strangest turn: **the captor becomes the institution's most devoted public defender** — because the prize he has seized is made entirely of the trust he is spending, and if the public ever sees the machine being worked, the gold turns to lead in his hands. So he polices the crude corruption, endorses the reforms, praises the institution's honour, and continues, sincerely and legally and in the open, to consume it.

Rivals arrive, because he was never the only one who could see. An arms race follows. The costs escalate; the mark ceases to measure merit and begins to measure the capacity to compete for the mark; and the activity itself deforms around the metric, as Goodhart and Campbell said it would.

At last the decoupling becomes visible, the public stops believing, and the yield evaporates.

And then the trust migrates — because the need that built the institution has not gone anywhere, and cannot, since it is made of the permanent fact that a human being cannot check the world for himself. The trust lands somewhere new and apparently clean, and the new place begins, immediately, to accumulate a yield.

And someone, standing exactly where the numbers are visible, doing exactly what his position invites him to do, notices.

There is no villain at the centre of this. There is no meeting. There is only a valuable, unguarded position, and a great many ordinary people who can see it — which, as the companion paper argues and this one confirms, is all that has ever been required.

Held, like everything in this project, as tested, not revealed.

Sources and Further Reading

Every quotation is verified to a published source; none is invented.

On information asymmetry and the necessity of marks. George A. Akerlof, "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics* 84:3 (1970) — the founding paper on how markets degrade when buyers cannot assess quality. Lucien Karpik, *Valuing the Unique: The Economics of Singularities* (Princeton, 2010), for the concept of **judgment devices**. On the underlying structural point — that the division of labour forces a division of knowing, creating a

permanent position between the many and the knowledge they cannot reach — see the companion papers in this project, particularly *The Necessary Seam* and *The Mechanics of Proxy Trust*.

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On the decoupling of measure from merit. Charles Goodhart, "Problems of Monetary Management: The U.K. Experience," in *Papers in Monetary Economics* (Reserve Bank of Australia, 1975); the original formulation — "Any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes" — is quoted from that paper. The familiar compressed version ("When a measure becomes a target, it ceases to be a good measure") derives from Keith Hoskin (1996) and Marilyn Strathern (1997), not from Goodhart himself, and the paper notes the distinction. Donald T. Campbell, "Assessing the Impact of Planned Social Change," *Evaluation and Program Planning* 2:1 (1979), for Campbell's Law as quoted. Wendy Nelson Espeland and Michael Sauder, *Engines of Anxiety: Academic Rankings, Reputation, and Accountability* (Russell Sage, 2016), and their earlier work on **reactivity**, for the definitive empirical study of how rankings reshape the institutions they measure.

On capture. George J. Stigler, "The Theory of Economic Regulation," *Bell Journal of Economics and Management Science* 2:1 (1971) — the founding statement of regulatory capture, whose thesis, as summarized in the subsequent literature, is that the industry acquires regulation and then designs and operates it for its own benefit. On the principal–agent problem underlying all of this, the standard economic literature; the application to the trusted-knowledge position is developed in *The Necessary Seam*.

On the Academy Awards. The founding of the Academy (1927) and the first awards (1929) follow the standard record. The documented commercial yield of nomination — including the roughly 177 percent revenue increase for *Shakespeare in Love*, the more than 50 percent surge for *Schindler's List*, and the concentration of *American Sniper*'s domestic revenue after nomination — and the observation that "Academy Award winner" confers permanent career leverage, follow published industry analyses of Oscar economics. The Weinstein/Miramax campaign for *Shakespeare in Love* (1998–99), reportedly costing on the order of $15 million; the tactics of hand-written invitations, in-house awards publicists, screenings pursued to Aspen and Palm Springs, the flood of "For Your Consideration" advertisements, the parties skirting gifting rules, and the screenings staged at retirement communities known to contain high concentrations of Academy members; and the whisper campaign reframing *Saving Private Ryan* as "uneven" — follow the reporting in *The Hollywood Reporter*, *Den of Geek*, and the industry-history literature, including the account by Rebecca Keegan and Nicole Sperling. The subsequent Academy rule changes restricting campaign practices are documented in the Academy's own published campaign regulations. The decline in ceremony viewership from over 57 million in the late 1990s to under 20 million today follows published audience figures.

On credit ratings. The shift from investor-pays to issuer-pays in the 1970s, precipitated in part by photocopying technology destroying the investor-pays revenue model; the resulting conflict of interest and the practice of "ratings shopping"; the SEC's designation of NRSROs from 1975, which entrenched a handful of agencies; the fact that structured-finance ratings constituted over half of Moody's revenue by the first quarter of 2007; and the persistence of the issuer-pays model after the crisis — follow the Brookings Institution's analysis of credit rating agency reform, the Congressional Research Service backgrounder on CRAs, the Mercatus Center's history of the industry, and the Financial Crisis Inquiry Report (2011).

On university rankings. The Espeland and Sauder work above; the recent withdrawals of elite law and medical schools from the *U.S. News* rankings, and the reporting of falsified rankings data submissions, follow contemporary press coverage.

On search. Google's founding link-as-vote-of-confidence premise (the PageRank paper of Brin and Page, 1998); the rise of search engine optimization as an industry devoted to reverse-engineering the conferral mechanism; Google's successive counter-updates; and the now-widespread user practice of appending "reddit" to queries in order to route around the degraded results — the last of these being a matter of widely reported user behaviour and Google's own subsequent product responses.

Contested matters are flagged as such. In particular, the precise magnitude of the "Oscar bump" is disputed in the economics literature and varies enormously by film, category, and release strategy; the paper's argument requires only that the bump be large

and widely believed to be large, both of which are well established. Nothing in the argument depends on any contested attribution of motive to any named individual.

A working paper of the Patterns of Power *project. Companion to* Position Logic: A Framework for Institutional Studies.

Tested, not revealed.